



The Commonwealth of Massachusetts

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

SOUTHERN UNION COMPANY
D.T.E. 06-71

FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO SOUTHERN UNION COMPANY

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy ("Department") submits to Southern Union Company ("Southern Union") the following Information Requests:

INSTRUCTIONS

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
2. Answers are due **September 8, 2006**.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Local or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term "provide complete and detailed documentation" means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.

5. The term “document” is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
 6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
 7. Please file one copy of the responses with Mary Cottrell, Secretary of the Department and on all parties; also submit, three (3) copies of the responses to Glenn Shippee, Rates and Revenue Requirement Division, and one (1) copy to Caroline M. Bulger, Hearing Officer.
 8. In addition to filing, all non-proprietary responses should be submitted by e-mail to Glenn Shippee, dte.efiling@state.ma.us, and to the e-mail address of any party required to be served.
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| DTE 1-1 | Refer to the Company’s Petition at 3, Item 5. Please designate the anticipated breakdown (in tranches) of the proposed debt issue and provide an approximate estimated weighted average cost of funds. |
| DTE 1-2 | Refer to Exh. SU-1, at 6. Please provide the basis on which the Company has proposed a maximum interest rate associated with the proposed Notes of 12.0 percent. |
| DTE 1-3 | Refer to Exh. SU-1, at 6. How common is it in the gas industry to issue 60 year debt? |
| DTE 1-4 | Refer to Exh. SU-1, at 6. What is the anticipated rating from Fitch and/or Standard and Poors that would be associated with the proposed Notes? |
| DTE 1-5 | Please provide any correspondence or preliminary prospectus materials from the Company’s potential lead underwriter describing the proposed transaction. |
| DTE 1-6 | Please provide materials from the rating services indicating the Company’s current credit ratings and any opinions regarding projected rating impacts of the proposed issuances. |

- DTE 1-7 Refer to the Company's Petition at 3, Item 5. What would be the maximum amount of common equity that the Company would anticipate offering in the proposed issuances?
- DTE 1-8 Refer to Exh. SU-2, at 19 concerning Board Compensation. Is it typical in the utility industry to provide restricted stock grants to members of the Board of Directors? For purposes of this response, the Company may refer to the practices of those companies comprising the S&P Supercomposite Gas Utilities Index.
- DTE 1-9 Please provide a tabular presentation of the number of award categories covered by the 2003 incentive compensation plan and the proposed incentive compensation plan.
- DTE 1-10 Refer to Mr. Marshall's testimony at 8. Please provide a red-line/strike-out version of the Amended Stock Option Plan, showing all changes being made from the current "2003 Stock and Incentive Plan."
- DTE 1-11 Refer to Mr. Marshall's testimony at 9. Please explain how the Board of Directors appoints the members of the committee that determines the terms under which an employee may exercise his or her stock options. For example, describe the criteria used in making committee appointments.
- DTE 1-12 Refer to Exh. SU-6. Does the Company's plan comport with and comply with all new corporate governance policies, rules and regulations regarding stock grants and options and how they are accounted for?
- DTE 1-13 Refer to Exh. SU-4. Please describe the nature of the \$709 million CCE investment and explain why this investment warrants inclusion in plant calculations for purposes of the net plant test.
- DTE 1-14 Refer to Exh. SU-4. Please provide a breakdown of the long-term debt and capital lease obligation represented by the \$1,807,036,000 reported herein. As part of this response, describe the nature of the capital leases.
- DTE 1-15 Refer to Exh. SU-5, at 22. After the proposed financing, how much of the \$1.6 billion bridge loan and \$251 million credit facility will be outstanding? If there is a balance remaining, has this balance been included in the Long-term Debt and Capital Lease obligation balance provided in Exhibit SU-4?

DTE 1-16 Refer to Exh. SU-1, at 12-13. Does the Company consider the primary goal of a stock option plan to retain qualified and experience personnel, as distinct from the goal of other stock issuances as a means of raising equity capital?

September 1, 2006